

EXHIBIT D

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STATE OF ALASKA

THE REGULATORY COMMISSION OF ALASKA

Before Commissioners:

G. Nanette Thompson, Chair
Bernie Smith
Patricia M. DeMarco
Will Abbott
James S. Strandberg

In the Matter of the Joint Application of)
ATEAC, INC., and INTERIOR TELEPHONE)
COMPANY To Transfer Assets Operated)
Pursuant to Certificate of Public Convenience)
and Necessity No. 3, Authorizing Provision of)
Telecommunications (Local Exchange) Public)
Utility Service, From ATEAC, INC., To)
INTERIOR TELEPHONE COMPANY)

U-99-121

ORDER NO. 4

ORDER AFFIRMING BENCH ORDER; ACCEPTING STIPULATION,
SUBJECT TO CONDITIONS; DESIGNATING ELIGIBLE TELECOMMUNICATIONS
CARRIER STATUS; AND REQUIRING FILINGS

BY THE COMMISSION:

Background

On October 20, 1999, the corporate shareholders of ATEAC, Inc. (ATEAC),¹ and Interior Telephone Company (ITC); filed a joint application to transfer the assets and service areas held by GTE ALASKA INCORPORATED (GTEA) in Moose Pass and Seward. By Order U-99-107(5), dated July 11, 2000, the Commission approved the application of ATEAC to acquire all of the assets and service areas held

¹ ATEAC is an Alaska corporation owned by four other Alaskan corporations: ALASKA TELEPHONE COMPANY; ARCTIC SLOPE TELEPHONE ASSOCIATION COOPERATIVE, INC.; TELALASKA, INCORPORATED (TelAlaska) d/b/a MUKLUK TELEPHONE COMPANY, INC. (Mukluk) and INTERIOR TELEPHONE COMPANY (ITC); and UNITED-KUC, INC. (United).

1 by GTEA in Alaska. This matter addresses the transfer of assets and service areas
2 from ATEAC to ITC.

3 On May 5, 2000, all parties to this proceeding filed a stipulation resolving
4 all outstanding issues. A copy of the stipulation is attached to this Order as an
5 Appendix and, by this reference, is incorporated herein.

6 By Order U-99-121(3),² dated May 17, 2000, the Commission affirmed the
7 hearing schedule in this proceeding. The purpose of the hearing was to require the
8 parties to make their witnesses available for Commission inquiry regarding the
9 stipulation and the prefiled testimony and exhibits.

10 At the conclusion of the hearing in Docket U-99-120, the parties in this
11 proceeding requested that the hearings in Dockets U-99-121 and U-99-122 be
12 consolidated. The Commission issued a bench order granting the request for
13 consolidation and this Order affirms that bench ruling.

14 The hearing convened, as scheduled, on May 30, 2000. During the
15 hearing, ITC presented the testimony of Jack Rhyner, President and Chief Executive
16 Officer of ITC; and James A. Durant, Consultant. The Commission incorporated, by
17 reference, the testimony elicited from Gerard Duffy, Counsel for ATEAC before the
18 Federal Communications Commission (FCC), in Dockets U-99-107 and U-99-119. The
19 Public Advocacy Section (PAS) presented the testimony of Parker J. Nation, Jr., Utility
20 Financial Analyst.

21 Discussion

22 The Commission affirms its bench order granting the request to
23 consolidate the hearings in Dockets U-99-121 and U-99-122. The Commission has
24

25 ² That Order was issued as part of a joint decision published as Order
26 U-99-119(3)/U-99-120(3)/U-99-121(3)/U-99-122(3)/U-99-123(3).

1 determined that the request was reasonable because the parties in both cases
2 presented the same witnesses and consolidation of the hearings was a more efficient
3 use of Commission and party resources. However, each application must be
4 considered on its own merit.

5 The Commission has reviewed the stipulation and determined that is
6 reasonable and should be accepted. Acceptance of the stipulation is subject to the
7 express condition that for the purpose of approving acquisitions in the future, no issue
8 should be considered to have been finally determined or adjudicated by virtue of
9 Commission acceptance of the stipulation.

10 The statutory standard applicable to the transfer and acquisition of utility
11 assets and service territory is that the transferee is fit, willing, and able to provide the
12 proposed service and that the proposed service is affirmatively consistent with the
13 public interest. (See AS 42.05.241, AS 42.05.281.) The Commission has determined
14 that ITC is fit, willing, and able to provide the proposed service. ITC has obtained
15 financing through the Rural Telephone Finance Cooperative (RTFC) to purchase the
16 assets at issue in this proceeding. Specifically, RTFC has committed to provide
17 financing to TelAlaska, Mukluk,³ and ITC in the amount of \$14,736,842 for a term of 15
18 years. (Application, Exhibit E, p. 1.) Of the total loan amount, \$14 million will be used
19 to finance the purchase of the assets of ATEAC in Moose Pass, Nome,⁴ and Seward.
20 (Application, Exhibit E, p. 1.) The remaining \$736,8442 will fund the purchase of 5
21 percent RTFC Subordinated Capital Certificates. (Application, Exhibit E, p. 1.) The
22 stock of TelAlaska will serve as collateral for the loan. (Tr. 37.)

23
24 ³ The transfer of assets from ATEAC to Mukluk for the provision of local
exchange service in Nome is the topic of Docket U-99-122.

25 ⁴ The acquisition of assets in Nome is addressed in Docket U-99-122.
26

1 According to ITC, the net book value of the plant to be acquired is
2 approximately \$3 million. (Application, Exhibit B, p. 1.) In its review of the application,
3 the Commission notes that ITC has estimated the net book value of plant to be
4 acquired, and related acquisition adjustment utilizing values reported in GTEA's
5 Form M. As discussed in greater detail in Order U-99-107(5), the Commission notes
6 that GTEA appears to have reduced the net book value of its plant by approximately
7 \$2.7 million several years ago,⁵ but did not similarly adjust the net book value of its plant
8 for regulatory purposes. Therefore, the Commission has some concern that the net
9 book value of \$3 million may be overstated for regulatory purposes.

10 Accordingly, the Commission must have an adequate opportunity to
11 review the documents required to be filed by GTEA by Order U-99-107(5), and make a
12 determination that the net book value of the assets proposed to be transferred are
13 proper for regulatory purposes. Until the Commission makes that determination,
14 approval of this application is conditioned upon ITC being required to utilize the net
15 book value of GTEA's plant as determined in accordance with generally accepted
16 accounting principles (GAAP) as of the date the transaction closes, for the purpose of
17 calculating an acquisition adjustment in future ratemaking proceedings.

18 According to ITC, the purchase price results in an acquisition adjustment
19 of approximately \$4 million. (T-1, p. 7.) ITC stated that the total acquisition adjustment
20 of the purchase from GTEA to ATEAC was apportioned among the various purchasers,
21 including ITC, on the basis of the number of access lines acquired. (Tr. 54; Exhibit H-3.)

22 ⁵ GTEA does not appear to have apprised the Commission of any event or
23 change in accounting methods for the period(s) in which GTEA's testimony indicates the
24 FAS 71 adjustment was recorded in order to reduce its plant net book value for GAAP.
25 On an annual basis, GTE is required to inform the Commission of any changes in
26 accounting standards at Schedule A-6 of its annual operating report, required under
AS 42.05.451(b).

1 However, as noted above, the Commission will not be able to make a determination
2 regarding the level of acquisition adjustment until it has determined the net book value
3 of the plant for regulatory purposes. Nonetheless, the parties have concurred that the
4 approval of this application should be conditioned upon ITC not recovering any
5 acquisition adjustment in rates for the provision of local exchange telephone service in
6 the communities of Moose Pass and Seward.

7 The Commission has determined that it is appropriate to exclude any
8 acquisition adjustment from the rates ITC intends to charge its consumers.
9 (AS 42.05.44.) The Commission has concluded that the provision in the stipulation
10 regarding an acquisition adjustment may be subject to more than one interpretation.
11 Therefore, the Commission has determined it should ensure that its ruling regarding an
12 acquisition adjustment is clear. While the Commission accepts the agreement of the
13 parties, the Commission clarifies that ITC may not recover an acquisition adjustment in
14 any rates for the provision of any regulated service within its service territory.

15 The Commission has determined that the management team of ITC has
16 the expertise necessary to manage telecommunications utilities in Alaska. ITC has
17 been providing local exchange service to rural and remote locations in Alaska since
18 1971. (Application, Exhibit E, p. 1.)

19 The Commission has concluded that the transfer is affirmatively consistent
20 with the public interest. ITC intends to provide service under GTEA's current tariffs on
21 file with the Commission until those rates are adjusted by the Commission.
22 (Application, Exhibit E., pp. 4-5; Stipulation, p. 7.)

23 ITC intends to use the facilities in Seward and Moose Pass to assist in the
24 provision of service to other areas such as Cooper Landing. (Tr. 22.) Using these
25 facilities, ITC projects being able to serve Cooper Landing with a remote switch thereby
26 saving central office expenses. (Tr. 22.) Although ITC could not quantify the exact

1 amount of savings, a small digital central office is approximately \$1 million while a
2 remote is approximately \$300 - 400, 000. (Tr. 22-23.)

3 ITC will be assuming nine of the former GTEA employees. (Tr. 23.)
4 Therefore, ITC intends to initiate a distributed customer service operation that will
5 include a customer service office in Seward. (Tr. 24.)

6 The parties agreed that approval of this application should be conditioned
7 on ITC filing on or before July 31, 2002, a revenue requirement study and cost-of-
8 service study for its local exchange and its local special access jurisdictions, using a
9 test year ending December 31, 2001. (Stipulation, p. 7.) The Commission has
10 concluded that this condition is reasonable and should be accepted.

11 The parties concurred that the jurisdictional cost shifts referred to in the
12 prefiled testimony of James A. Durant were not based on a *pro forma* combined Part 36
13 jurisdictional cost separation study. (Stipulation, pp. 7-8.) The parties agree there is no
14 known and measurable basis to propose a rate reduction based on any jurisdictional
15 shifts. (Stipulation, p. 8.) Thus, the parties agreed that approval of the application
16 should not be conditioned upon a rate reduction. (Stipulation, p. 8.) The Commission
17 has determined that this condition is reasonable and should be accepted.

18 In addition to the issues raised by the parties, the Commission must
19 evaluate whether approval of this acquisition requires housekeeping changes to the
20 eligible carrier obligations placed on carriers seeking to receive federal universal service
21 support. Both GTEA and ITC currently receive federal universal service support. To
22 receive universal service support a carrier must have Eligible Telecommunications
23 Carrier (ETC) status for the geographic area ("ETC Service Area") receiving funding.⁶
24 In the case of a rural carrier, the ETC Service Area must be the carrier's study area

25 _____
26 ⁶ See 47 U.S.C. §§ 214(e)(1), 254(e), and 47 C.F.R. § 54.201(a).

1 unless both this Commission and the FCC establish a different definition of service area
2 for the carrier.⁷

3 By Order U-97-168(1), dated December 19, 1997, the Commission,
4 among other things, granted GTEA ETC status for the service area included in
5 Certificate of Public Convenience and Necessity (Certificate) No. 3. GTEA was also
6 required to provide customer notification of its services by the means specified in Order
7 U-97-168(1). The Commission determined that it was appropriate to transfer GTEA's
8 ETC status to ATEAC by Order U-99-107(5) to eliminate any disruption in ETC status
9 for the service area to be transferred. However, according to this Order, ATEAC is
10 required to return Certificate No. 3 for cancellation and ITC's Certificate will be modified
11 to include the transferred service area. ITC does not hold ETC status for the acquired
12 service area.

13 In order to forestall the possibility of denial of federal universal service
14 funding for the acquired service area, the Commission hereby transfers the ETC status
15 and ETC obligations of ATEAC associated with the purchased service area to ITC upon
16 closing. The only remaining issue concerns the ETC Service Area designation and any
17 special conditions that should apply.

18 By Order U-97-184(1), dated December 15, 1997, ITC was designated an
19 ETC for the study area it is authorized to serve under Certificate No. 165. It is unclear
20 at this time whether ITC will have one or two study areas under Certificate No. 165 after
21 closing. The Commission therefore determines that, after closing, ITC is granted ETC
22 status for any and all study areas it is authorized to serve under Certificate No. 165.

23
24
25 ⁷ See 47 U.S.C. § 214(e)(5).
26

1 The Commission notes that ITC has requested a study area waiver from
2 the FCC. While the Commission does not necessarily agree with ITC that the FCC will
3 automatically grant such a waiver, the Commission does not oppose the waiver.

4 The Commission further notes that ITC intends to obtain a waiver of FCC
5 price cap regulations⁸ that, in part, require ITC to become a price cap carrier within a
6 year after purchasing any GTEA exchange subject to price cap regulation.
7 Representations have been made to this Commission that the FCC typically grants such
8 waivers and the Commission's evaluation of whether this acquisition is in the public
9 interest is predicated on the assumption that waiver of the price cap regulations would
10 be granted. Absent waiver by the FCC, the Commission notes that ITC customers
11 would likely observe an increase in their federal subscriber line charge and would be
12 subject to the reformed "CALLS" interstate access charge mechanism recently adopted
13 by the FCC and applied to price cap carriers. The Commission has insufficient
14 evidence at this time to conclude that this acquisition is in the public interest if the price
15 cap waiver is denied. Therefore, approval of the application is subject to the condition
16 that ITC obtain a waiver of FCC price cap regulations.

17 In order to ensure that ITC completes the following tariff requirements in a
18 timely manner, ITC will be required to inform the Commission of the exact date this
19 transaction closes. The Commission has determined that it is reasonable for ITC to file
20 a formal adoption notice of the rules, regulations, and rates in the GTEA tariff applicable
21 to Moose Pass and Seward, within thirty days of the date of closing.

22 According to 3 AAC 48.410, an acquiring utility is also required, within
23 ninety days of filing the adoption notice, to file rates, rules, and regulations for the
24 acquired area as either a part of its own tariff or as a separate tariff in its own name if it

25 ⁸ See 47 C.F.R. § 61.41.
26

1 plans to continue to operate in accordance with it. In this case, ITC has agreed to be
2 bound by the GTEA rate structure for the acquired area until it files a revenue
3 requirement and cost-of-service study in accordance with 3 AAC 48.275. Thus, the
4 Commission has determined that it is appropriate to waive 3 AAC 48.410, in part. ITC
5 should submit a tariff filing for that portion of the GTEA tariff that pertains to the
6 provision of service in Moose Pass and Seward, within ninety days of filing the adoption
7 notice.

8 Based on the foregoing, the Commission concurs with the parties that the
9 evidence in the record supports a finding that ITC is fit, willing, and able to acquire
10 certain assets and service areas operated under Certificate of Public Convenience and
11 Necessity No. 3 and that such acquisition is affirmatively consistent with the public
12 interest. Accordingly, the application is approved, subject to the conditions stated
13 earlier in this Order.

14 ATEAC shall be required to return Certificate No. 3 for cancellation. ITC
15 should file a revised service area description⁹ as well as revised U.S. Geological
16 Survey. maps reflecting the additional service territory approved in this Order. The
17 Commission will revise Certificate No. 165 to include the communities Seward and
18 Moose Pass.

19 This Order constitutes the final substantive decision by the Commission.
20 This decision is appealable within thirty days of the date of this Order in accordance
21 with AS 22.10.020(d) and the Alaska Rules of Court, Rules of Appellate Procedure,
22 Rule 602(a)(2). In addition to the appellate rights afforded by the aforementioned
23 statute, a party may file a petition for reconsideration in accordance with 3 AAC 48.105.
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25
26

1 In the event such a petition is filed, the time period for filing an appeal is then calculated
2 in accordance with Alaska Rules of Court, Rules of Appellate Procedure,
3 Rule 602(a)(2).

4
5 **ORDER**

6 THE COMMISSION FURTHER ORDERS:

7 1. The stipulation filed in this matter is accepted, subject to the
8 conditions set forth in the body of this Order.

9 2. By 4 p.m., August 11, 2000, ATEAC, Inc., shall return Certificate of
10 Public Convenience and Necessity No. 3 to the Commission for cancellation.

11 3. The Eligible Telecommunications Carrier status and obligations of
12 ATEAC, Inc., associating with Moose Pass and Seward are transferred to Interior
13 Telephone Company, upon closing of the sales agreement.

14 4. The Eligible Telecommunications Carrier Service Areas under the
15 Telecommunications Act of 1996 at Section 214 for Interior Telephone Company, shall
16 be the individual study area(s) that exist upon acquisition closing, with later adjustment,
17 if necessary, to reflect the decision of the Federal Communications Commission in
18 response to the study area waiver request associated with Moose Pass and Seward.

19 5. Interior Telephone Company shall file a notice informing the
20 Commission of the closing date of the acquisition.

21
22
23 _____
24 (. . . continued)

25 ⁹ This service area description should also be filed with a 3.5-inch diskette or CD
26 formatted in an IBM compatible form using MS Word format and containing the text of
the filing made to the Commission in accordance with 3 AAC 48.090(b)(4).

1 6. By 4 p.m. August 11, 2000, Interior Telephone Company shall file a
2 revised service area description and revised U.S. Government Survey maps reflecting
3 the service territory approved in the body of this Order.

4 7. Within thirty days of the date of closing, Interior Telephone Company
5 shall file a formal tariff adoption notice in accordance with 3 AAC 48.400, as more fully
6 discussed in the body of this Order.

7 8. The provisions of 3 AAC 48.410 are waived, in part, and within ninety
8 days of filing the formal tariff adoption notice, Interior Telephone Company, shall file
9 rates, rules, and regulations for the acquired service area, as more fully discussed in the
10 body of this Order.

11 9. By 4 p.m., July 31, 2002, Interior Telephone Company shall file a
12 revenue requirement study and a cost-of-service study for its local exchange and its
13 local special access jurisdictions, using a test year ended December 31, 2001.

14 DATED AND EFFECTIVE at Anchorage, Alaska, this 12th day of July, 2000.

15 BY DIRECTION OF THE COMMISSION
16 (Commissioners Will Abbott and
17 James S. Strandberg, not participating.)



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STATE OF ALASKA

THE REGULATORY COMMISSION OF ALASKA

Before Commissioners:

G. Nanette Thompson, Chair
Bernie Smith
Patricia M. DeMarco
Will Abbott
James Strandberg

In The Matter of the Joint Application of)
ATEAC, INC. and INTERIOR TELEPHONE)
COMPANY, INC. To Transfer Assets Operated)
Pursuant to Certificate of Public Convenience)
and Necessity No. 3, Authorizing Provision of)
Telecommunications (Local Exchange))
Public Utility Service, from ATEAC, INC.)
to INTERIOR TELEPHONE COMPANY, INC.)
_____)

U-99-121

**STIPULATION FOR APPROVAL OF APPLICATION
SUBJECT TO CONDITIONS**

This Stipulation is by and among ATEAC, Inc. ("ATEAC"), Interior Telephone Company, Inc. ("ITC") and the Public Advocacy Section of the Regulatory Commission of Alaska (the "PAS"), and is expressly subject to the approval of the Regulatory Commission of Alaska ("the Commission").

I

INTRODUCTION AND OVERVIEW

1. The three parties to this Stipulation constitute all of the parties of record to Docket U-99-121.

ROBERT E. STOLLER
ATTORNEY AT LAW
800 EAST DIMOND BLVD.
SUITE 3-537
ANCHORAGE, ALASKA 99515
PHONE: (907) 522-2299 / FAX (907) 522-2126

ROBERT E. STOLLER
ATTORNEY AT LAW
800 EAST DIMOND BLVD.
SUITE 3-537
ANCHORAGE, ALASKA 99515
PHONE: (907) 522-2299 / FAX (907) 522-2126

1 2. By this Stipulation, the parties propose to resolve all of the
2 issues outstanding in Docket U-99-121. Accordingly, should this Stipulation be
3 approved by the Commission, there will be no need to convene the public hearing in
4 this Docket, which is presently scheduled to commence on Tuesday, May 30, 2000
5 at 8:30 a.m.

6 3. As described in greater detail in Paragraphs 4 through 7 below,
7 Stipulations are also being filed simultaneously in Dockets U-99-107, U-99-119, U-
8 99-120, U-99-122 and U-99-123. Commission approval of this Stipulation is both
9 premised and conditioned upon Commission approval of all five of those companion
10 Stipulations.

11 4. The substance of this Stipulation (and the five companion
12 Stipulations referred to in Paragraph 3, above) relates to the transfer of ownership,
13 control and operational responsibility for 13 local exchange telephone service areas
14 which are currently being operated by GTE Alaska Incorporated ("GTEA") pursuant
15 to Certificate of Public Convenience and Necessity No. 3. Listed alphabetically, the
16 thirteen Alaskan communities affected by these Stipulations are: Barrow, Bethel,
17 Haines, Hyder, Klukwan, McGrath, Metlakatla, Moose Pass, Nome, Petersburg,
18 Seward, Unalakleet and Wrangell.

19 5. In Docket U-99-107, GTEA and ATEAC have jointly applied for
20 authorization to transfer the ownership, control and operational responsibility for all
21 thirteen of the communities listed in Paragraph 4 above from GTEA to ATEAC.

22 6. ATEAC, however, was created by its four corporate shareholders
23 primarily as a vehicle whereby each of those shareholders could acquire the

1 particular aspects of GTEA's operations with which they are most geographically
2 proximate and with which they are most harmoniously merged. Consequently, none
3 of the parties to this Stipulation expects or intends that ATEAC itself ever will or
4 should have operational responsibility for any of the exchange areas at issue here.

5 7. In the five companion Dockets (U-99-119, U-99-120, U-99-121,
6 U-99-122 and U-99-123), ATEAC and five of its affiliates have jointly applied for
7 Commission approval of the following "drop-down" transfers:

ATEAC Shareholder	Affiliated Drop-Down Transferee and Related Docket Number	Locations of GTEA Assets to be Purchased
Alaska Power & Telephone Company	U-99-119: Alaska Telephone Company	Haines, Hyder, Klukwan, Metlakatla, Petersburg and Wrangell
Arctic Slope Telephone Association Cooperative, Inc.	U-99-120: Arctic Slope Telephone Association Cooperative, Inc.	Barrow
TelAlaska, Inc.	U-99-121: Interior Telephone Company, Inc.	Moose Pass and Seward
	U-99-122: Mukluk Telephone Company, Inc.	Nome
United Utilities, Inc.	U-99-123: United-KUC, Inc.	Bethel, McGrath and Unalakleet

II

PERTINENT PROCEDURAL HISTORY

8. On October 20, 1999, ATEAC and ITC jointly filed their Application to Transfer Assets Operated Pursuant To Certificate of Public Convenience and Necessity No. 3 from ATEAC to ITC.

9. On January 4, 2000, by Order U-99-121(1), the Commission designated the PAS as a party to Docket U-99-121. The Commission ordered the PAS to investigate all relevant issues and, as necessary, present the results of the investigation to it and submit stipulations of agreed upon issues for the Commission's approval.

10. On January 24, 2000, by Order U-99-121(2), the Commission adopted the hearing and filing schedule which has governed all further activity in this proceeding to this juncture.

11. On February 7, 2000, the PAS served its First Discovery Requests on ITC. On February 18, 2000, ITC timely responded to those discovery requests. During the discovery period, the PAS has served supplemental discovery requests on ITC, and ITC has responded in a timely fashion to all such supplemental discovery requests.

12. On February 25, 2000, ATEAC, ITC and the PAS each timely filed their respective Preliminary Issue Statements.

13. On March 17, 2000, ITC timely filed its initial witness list and the pre-filed testimonies of its President Jack Rhyner and its Consultant James A. Durant.

14. On April 17, 2000, the PAS timely filed its witness list and the pre-filed testimony of its witness Parker J. Nation, Jr.

111

16. The final issues in this Docket are:

17. All issues have been resolved. As described in Section V below, the parties agree that the transfer of assets to ITC should be approved with conditions.

EVIDENTIARY SUPPORT FOR THIS STIPULATION

18. The pre-filed testimony of all parties shall be received into evidence in this proceeding, and all parties waive cross-examination.

19. In conformance with 3 AAC 48.166, the evidentiary support for this Stipulation consists of the following documents of record, all of which are incorporated herein by this reference:

(1) The Joint Application of ATEAC and ITC, dated October 20, 1999, including all of the exhibits and attachments incorporated therein;

(2) The pre-filed testimonies of ITC President Jack Rhyner and ITC Consultant James A. Durant filed on March 17, 2000;

(3) The pre-filed testimony of PAS Witness Parker J. Nation, Jr., filed on April 17, 2000;

(4) The pre-filed reply testimonies of ITC President Jack Rhyner and ITC Consultant James A. Durant filed on April 26, 2000.

20. Briefly summarized, the evidence catalogued in Paragraph 19 above establishes that the proposed transaction is affirmatively in the public interest and should be approved, subject to most of the conditions recommended by the PAS.

V

SUBSTANTIVE STIPULATED PROVISIONS

21. Based on the evidence catalogued in Paragraph 19 above, the parties stipulate as follows:

(1) The proposed transfer gives control of local exchange service to an existing Alaska utility with contiguous service areas that should make the service more consistent and responsive to Alaska consumers.

1 (2) ITC has the managerial, technical and financial fitness to
2 provide these additional services.

3 (3) It is affirmatively in the public interest to approve with
4 conditions the application and the transfer of assets and service area from
5 ATAEC to ITC.

6 (4) The transactions in U-99-107 and this Docket should be
7 approved to take effect simultaneously.

8 (5) The approval should be conditioned upon no increase in
9 GTEA's existing local exchange rates for Moose Pass and Seward until the
10 rate case to be filed in accordance with Subparagraph (6) has been
11 adjudicated.

12 (6) The approval should be conditioned on ITC filing by or
13 before July 31, 2002 a revenue requirement study and cost of service study
14 for its local exchange and its local special access jurisdictions, using a test
15 year ending December 31, 2001.

16 (7) The approval should be conditioned on ITC not recovering
17 in its rates any acquisition adjustment in connection with its purchase of the
18 assets of GTEA through ATEAC for the provision of local exchange telephone
19 service in the communities of Moose Pass and Seward.

20 22. The parties agree that the jurisdictional cost shifts referred to in
21 the initial and reply pre-field testimonies of Mr. Durant were not based on a proforma
22 combined Part 36 jurisdictional cost separation study. The jurisdictional cost shifts
23 described by Mr. Durant in his initial pre-filed testimony were rough estimates. The

ROBERT E. STOLLER
ATTORNEY AT LAW
800 EAST DIMOND BLVD.
SUITE 3-537
ANCHORAGE, ALASKA 99515
PHONE: (907) 522-2299 / FAX (907) 522-2126

1 parties agree there is no known and measurable basis to propose a rate reduction
2 based on any jurisdictional shifts. For this reason the issue of conditioning the
3 approval on rate reductions has been resolved and no such condition is included.

4 VI

5 **RESERVATION OF THE COMMISSION'S ADJUDICATORY**
6 **DISCRETION IN UNRELATED PROCEEDINGS**
7

8 23. Except insofar as this Stipulation is interrelated with the
9 companion Stipulations which are being filed simultaneously in Dockets U-99-107,
10 U-99-119, U-99-120, U-99-122 and U-99-123, nothing in this Stipulation is intended
11 to, or shall, limit the Commission's powers conferred by statute or bind the
12 Commission in a future proceeding.

13 VII

14 **RESERVATION OF PARTIES' ADVOCACY POSITIONS IN THE**
15 **EVENT THIS STIPULATION IS NOT ACCEPTED IN ITS ENTIRETY**
16

17 24. If within thirty days after the filing of this Stipulation, the
18 Commission has failed to accept this Stipulation in its entirety, any party may then
19 withdraw from this Stipulation by serving a written notice of withdrawal upon the
20 other parties and the Commission, and proceedings in Docket U-99-121 will
21 thereupon continue as if this Stipulation had never been entered. After such notice
22 of withdrawal has been served, this Stipulation may not thereafter be tendered or
23 received in evidence, no party may use this Stipulation against any other party, and
24

1 no third party shall have any rights in consequence of the fact that this Stipulation
2 had previously been entered into or submitted to the Commission for approval.

3 RESPECTFULLY submitted this 5th day of May, 2000, at Anchorage,
4 Alaska.

5 BRUCE M. BOTELHO
6 ATTORNEY GENERAL

ATEAC, INC.

7
8
9
10 By: Ron Zobel
11 Ron Zobel, Assistant
12 Attorney General, Attorney
13 for the Public Advocacy Section
14

By: Robert E. Stoller
Robert E. Stoller, Attorney for
ATEAC, Inc.

15 INTERIOR TELEPHONE COMPANY, INC.

16
17 By: Robert E. Stoller
18 Robert E. Stoller, Attorney for
19 Interior Telephone Company, Inc.
20
21

ROBERT E. STOLLER
ATTORNEY AT LAW
800 EAST DIMOND BLVD.
SUITE 3-537
ANCHORAGE, ALASKA 99515
PHONE: (907) 522-2299 / FAX (907) 522-2126

ROBERT E. STOLIER
ATTORNEY AT LAW
800 EAST DIMOND BLVD.
SUITE 3-537

ANCHORAGE, ALASKA 99515
PHONE: (907) 522-2299 / FAX (907) 522-2126

CERTIFICATE OF MAILING

I certify that on May 5, 2000, I have
personally served by hand delivery and/or
U.S.P.S. a copy of the above submission to:

Ron Zobel, Assistant Attorney General (Via Hand Delivery)
Regulatory Commission of Alaska
1031 West Fourth Avenue, Suite 200
Anchorage, Alaska 99501

Lew Craig and Parker Nation (Via Hand Delivery)
Regulatory Commission of Alaska
Public Advocacy Section
1016 West Sixth Avenue, Suite 400
Anchorage, Alaska 99501

Todd Timmermans, Esq. (Via Hand Delivery)
Grog Eggers, LLC
3201 C Street, Suite 400
Anchorage, Alaska 99503-3697

Joseph Moran, Esq. (Via USPS)
DeLisio Moran Geraghty & Zobel, PC
943 West Sixth Avenue
Anchorage, Alaska 99501


Michael McLaughlin, Esq. (Via USPS)
Guess & Rudd
510 L Street, Suite 700
Anchorage, Alaska 99501

Howard Garner and Mike Garrett (Via USPS)
Interior Telephone Company
Post Office Box 3222
Port Townsend, Washington 98368

Dave Fauske and Remi Sun (Via USPS)
Arctic Slope Telephone Cooperative, Inc.
4300 B Street, Suite 501
Anchorage, Alaska 99503

Jack H Rhyner and Brenda Shepard (Via USPS)
TelAlaska
201 East 56th Avenue, Suite 100
Anchorage, Alaska 99518

Steve Hamlen and Marianne Turner (Via USPS)
United Utilities, Inc.
5450 A Street
Anchorage, Alaska 99518


Donna K. Daniels

STATE OF ALASKA

THE REGULATORY COMMISSION OF ALASKA

Before Commissioners:

G. Nanette Thompson, Chair
Bernie Smith
Patricia M. DeMarco
Will Abbott
James S. Strandberg

In the Matter of the Joint Application of ATEAC,)
INC., and INTERIOR TELEPHONE COMPANY To)
Transfer Assets Operated Pursuant to Certificate of)
Public Convenience and Necessity No. 3,)
Authorizing Provision of Telecommunications)
(Local Exchange) Public Utility Service, From)
ATEAC, INC., To INTERIOR TELEPHONE)
COMPANY)

U-99-121

CERTIFICATION OF MAILING

I, Joyce McGowan, certify as follows:

I am Administrative Supervisor in the offices of the Regulatory

Commission of Alaska, 1016 West Sixth Avenue, Suite 400, Anchorage, Alaska 99501.

On July 13, 2000, I mailed copies of

ORDER NO. 4, entitled:

ORDER AFFIRMING BENCH ORDER; ACCEPTING STIPULATION,
SUBJECT TO CONDITIONS; DESIGNATING ELIGIBLE
TELECOMMUNICATIONS CARRIER STATUS; AND REQUIRING FILINGS
(Issued July 12, 2000)

in the proceeding identified above to the persons indicated on the attached service list.

DATED at Anchorage, Alaska, this 13th day of July, 2000.



SERVICE LIST
U-99-121

July 12, 2000
Page 1 of 3

Joseph M. Moran, Esq.
DeLisio, Moran, Geraghty & Zobel, P.C.
Counsel for Arctic Slope Telephone
Association Cooperative
943 West Sixth Avenue
Anchorage, AK 99501-2033

Ron Zobel
Assistant Attorney General
Department of Law
Counsel for Public Advocacy Section
Regulatory Commission of Alaska
1031 West Fourth Avenue, Suite 200
Anchorage, AK 99501

Robert E. Stoller, Esq.
Robert E. Stoller, Sole Proprietor
Counsel for ATEAC, Inc.
800 East Dimond Blvd., Suite 3-537
Anchorage, AK 99515

Jack H. Rhyner
President
TelAlaska, Inc., dba Alyeska Cable Co.,
Eyecom, Inc., Interior Telephone,
and Mukluk Telephone Company, Inc.
201 East 56th Avenue, Suite 100
Anchorage, AK 99518

Michael S. McLaughlin, Esq.
Guess & Rudd, PC
Counsel for United-KUC, Inc.
510 L Street, Suite 700
Anchorage, AK 99501

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U-99-121

July 12, 2000
Page 2 of 3

Howard Garner
President
ATEAC, Inc.
P.O. Box 3222
Port Townsend, WA 98368

Judith Colbert
Executive Director
Alaska Exchange Carriers
Association, Inc.
3380 C Street, Suite 201
Anchorage, AK 99503

James Rowe
Director
Alaska Telephone Association
201 East 56th Avenue, Suite 114
Anchorage, AK 99518

David S. Fauske
General Manager
Arctic Slope Telephone Association
Cooperative, Inc.
4300 B Street, Suite 501
Anchorage, AK 99503-5900

Jeffrey D. Landry, Esq.
Assistant Attorney General
Department of Law
1031 West Fourth Avenue, Suite 200
Anchorage, AK 99501

Steven R. Krogue
Acting General Manager
GTE Alaska Incorporated
16404 Smokey Point Boulevard, Suite 20
Arlington, WA 98223-8405

Jerome George
Board of Directors
Seward Boat Owners Association, Inc.
3640 Dora Avenue
Anchorage, AK 99516

Steve Hamlen
President
United Utilities, Inc.
5450 A Street
Anchorage, AK 99518

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This document was also emailed to:

"Joseph M. Moran, Esq." <jmoran@dmgz.com>

"Robert E. Stoller, Esq." <stoller@chugach.net>

"Jack H. Rhyner" <J_Rhyner@telalaska.com>

"Michael S. McLaughlin, Esq." <mmclaughlin@guessrudd.com>

"Howard Garner" <howard.g@aptalaska.com>

"Judith Colbert" <aeca@alaska.net>

"James Rowe" <jrowe@ptialaska.net>

"Jerome George" <jgeorge@ak.net>